

Westmeath Public Participation Network

Pensions

Pensions have been discussed for many decades with different opinions on ways to help our population to survive without any major worries when they reach the retirement age.

There has been in place the state pension with the Contributory and Non Contributory Pension with a small differential in the weekly pension payment for either pension.

Then there is the Occupational Pension Scheme where employees and employers make contributions over the employees working life. The Occupational Pension Scheme has two different types of Pension Schemes, Defined Benefit and Defined Contribution. The Defined Benefit Pension Scheme defines the benefit that the employee will receive when the employee retires. The Define Contribution Pension Scheme defines the contribution that will be contributed to the Pension Scheme. Generally the best scheme is the Define Benefit because the benefit is defined before you retire.

Looking forward to enhance the Pension Payments for our population the system that is in place to calculate pensions requires attention based on the capital sums that are in place to calculate pension payment based on the annuity model. This basis needs to be changed to a more favourable method where there is more value for money for the recipients of the Pension Scheme.

Going forward our experts are advising us that we will be living longer so therefore we will require a bigger budget for pensions and there will be bigger proportion of population eligible for the old age pension.

So how can we make our pension schemes better for our population and also be able to afford our pension expenditure:

- 1) *Revamp the existing system for the state pension with the following options***
 - **Employees will contribute a portion of their PRSI Contributions to their State Pension**
 - **Tax Breaks for Employees to Top-Up their PRSI Contributions for their State Pension**
 - **Portion of Financial Institutions Profit on Mortgages to go to State Pensions**
 - **Pension Funding build up over years is a permanent fund for pensions only**

- **When employees reach the pension age there is a clause to defer their pension payment for a later date with incentive of increased payment**

2) *Change the Occupational Pension Schemes with more focus to the employee/employer*

- **Reduce the emphasis on Profit VIA Capital Sum invested to support the annuity rate.**
- **Scrap Defined Contribution System and fine tune Defined Benefit Contribution System for all occupational pension schemes with a max pay out across the board.**

In conclusion our society needs to go back to basics when formulating our pension policy for our senior population. We need to focus on how we can make life in our senior years as rewarding as possible because studies have demonstrated that society will benefit from revenues received from the older population. Our pension policy should be of social nature rather than capital based so that all our pensioners receive the rewards rather than a small few.